
**YOUR GROUP
SHORT-TERM
DISABILITY
PLAN**

STATE OF DELAWARE

**BENEFITS UNDER THE GROUP SHORT TERM
DISABILITY PLAN DESCRIBED IN THE FOLLOWING
PAGES ARE PROVIDED AND FUNDED BY THE EMPLOYER.**

**THE EMPLOYER HAS FULL RESPONSIBILITY FOR
PAYMENT OF ANY BENEFITS DUE ACCORDING
TO THE TERMS AND CONDITIONS OF THE PLAN.**

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A note on capitalization in this benefits booklet:

Capitalization of the first letter of a word or phrase not normally capitalized according to the rules of standard punctuation (Weekly Earnings, for example) indicates a word or phrase that is defined in the DEFINITIONS section, or that refers back to an item found in the Schedule of Benefits.

PS-M-70(1st Rev.)

SCHEDULE OF BENEFITS

Plan Number: GRH-071675
Plan Effective Date: January 1, 2006
Employer: STATE OF DELAWARE

Must you contribute toward the cost of coverage?

You do not contribute toward the cost of coverage.

SHORT TERM DISABILITY PLAN

This Plan provides you with short term income protection if you become Disabled from a covered accident, sickness or pregnancy.

Who is eligible for coverage?

All Employees covered by the Delaware State Employees' Pension Plan pursuant to 29 Del. C. Chapter 55 who are U.S. citizens or U.S. residents excluding temporary and seasonal employees.

When will You become eligible? (Eligibility Waiting Period)

You are eligible on the later of either the Plan Effective Date or the date You enter an eligible class.

SHORT TERM DISABILITY BENEFITS

The **Weekly Benefit** will be the lesser of:

- 75% of your Weekly Earnings; or
- \$2,000,

reduced by Other Income Benefits.

Minimum Weekly Benefit:

- \$25; or
- 10% of the benefit before deduction of Other Income Benefits

Note: May also use sick leave, vacation leave or compensatory leave to maximize the benefit payment to 100% of pre-disability base salary.

The **Maximum Duration of Benefits** for a Disability is;

- 182 calendar days if caused by Accident
- 182 calendar days if caused by Sickness

Benefits Commence for Disability caused by:

- Accident: on the 21st calendar day of Disability
- Sickness: on the 21st calendar day of Disability

ELIGIBILITY AND ENROLLMENT

Who are Eligible Persons?

All persons in the class or classes shown in the Schedule of Benefits will be considered Eligible Persons.

When will you become eligible?

You will be eligible for coverage on either:

1. the Plan Effective Date, if you have completed the Eligibility Waiting Period; or if not
2. the date on which you complete the Eligibility Waiting Period.

See the Schedule of Benefits for the Plan Effective Date and the Eligibility Waiting Period.

How do you enroll?

Eligible Persons will be enrolled automatically by the Employer.

Eligible Employees not vested as of December 31, 2005, in the Delaware State Employees Pension Plan will be enrolled automatically by the Employer. All new hires after the plan effective date will be enrolled automatically by the Employer. Eligible Employees vested as of December 31, 2005 in the Delaware State Employees Pension Plan must elect into the program before December 15, 2005. This is an irrevocable one-time election.

EFFECTIVE DATE OF COVERAGE**When does your coverage start?**

If you are not required to contribute towards the Plan's cost, your coverage will start on the date you become eligible.

DEFERRED EFFECTIVE DATE**When will coverage become effective if a disabling condition causes you to be absent from work on the date it is to start?**

Coverage is effective on the plan effective date or the date on which you become eligible if that date is after the plan effective date even if you are absent from work on that day.

CHANGES IN COVERAGE**Do coverage amounts change if there is a change in your class or your rate of pay?**

Your coverage may increase or decrease on the date there is a change in your class or Weekly Earnings. However, no increase in coverage will be effective unless on that date you:

1. are an Active Full-time Employee; and
2. are not absent from work due to being Disabled.

If you were so absent from work, the effective date of such increase will be deferred until you are Actively at Work for one full day.

What happens if the Employer changes the Plan?

Any increase or decrease in coverage because of a change in the Schedule of Benefits will become effective on the date of the change, except that the limitations on increases stated in the Deferred Effective Date provision will apply.

The Employer may amend, modify, terminate or partially terminate the provisions, terms and conditions of the Schedule of Benefits or the Plan at any time.

BENEFITS**How do benefits become payable for Total Disability?**

If, while covered under this Plan, you become Totally Disabled, and furnish proof to the Claims Evaluator that you remain Totally Disabled, the Plan will pay the Weekly Benefit shown in the Schedule of Benefits.

The amount of any Weekly Benefit payable shall be reduced by the total amount of all Other Income Benefits, including any amount for which you could collect but did not apply. The Weekly Benefit will also be reduced by taxes, health care and other benefit deductions.

See the Schedule of Benefits for the Benefit durations and amounts.

No benefit, however, will be payable unless you are under the regular care and attendance of a Physician other than yourself or a member of your immediate family. A member of your immediate family is your spouse, father, mother, brother, sister, son or daughter.

RESIDUAL DISABILITY BENEFITS

How are benefits paid for Residual Disability?

If while covered under this benefit, you become Disabled and work on a Part-time or limited duty basis because you are Residually Disabled, the following calculation is used to determine your Weekly Benefit:

$$\text{Weekly Benefit} = ((A - B) / A) \times C$$

Where

A = Your pre-disability Weekly Earnings.

B = Your Current Weekly Earnings.

C = The Weekly Benefit payable if you were Totally Disabled.

Your Weekly Benefit, however, will not be less than the Minimum Weekly Benefit shown in the Schedule of Benefits.

How is the benefit calculated for a period of less than a week?

If a Weekly Benefit is payable for less than a week, the Plan will pay 1/5 of the Weekly Benefit amount for each day you were Disabled.

When will benefit payments cease?

Benefit payment will stop on the first to occur of:

1. the date you are no longer Disabled;
2. the date you fail to furnish proof that you continue to be Disabled;
3. the date you refuse to be examined, if the Claims Evaluator requires an examination;
4. the last day benefits are payable according to the Maximum Duration of Benefits shown in the Schedule of Benefits; or
5. the date you die.

RECURRENT DISABILITY

What happens to your benefits if you return to work as an Active Full-time Employee and then become Disabled again?

If you return to work as an Active Full-time Employee for 14 consecutive day(s) or more, any recurrence of a disability will be treated as a new Disability with respect to when Benefits Commence and the Maximum Duration of Benefits, as shown in the Schedule of Benefits.

If recurrent periods of Disability are:

1. due to the same or a related cause; and
2. separated by less than 14 consecutive day(s) of work as an Active Full-time Employee,

they will be considered to be the same period of Disability.

MULTIPLE CAUSES

How long will benefits be paid under this Plan if a period of Disability is extended by another cause?

If a period of Disability is extended by a new cause while short term disability benefits are payable under this Plan, short term disability benefits will continue while you remain Disabled, subject to the following:

1. such short term disability benefits will not continue beyond the end of the original Maximum Duration of Benefits; and
2. this Plan's Exclusions will apply to the new cause of disability.

VOCATIONAL REHABILITATION

What is Vocational Rehabilitation?

Vocational Rehabilitation means employment or services that prepare you, if Disabled, to resume gainful work.

Vocational Rehabilitative Services include, when appropriate, any necessary and feasible:

1. vocational testing;
2. vocational training;
3. work-place modification;
4. prosthesis; or
5. job placement.

REHABILITATIVE EMPLOYMENT

Rehabilitative Employment means employment that is part of a program of Vocational Rehabilitation. Any program of Rehabilitative Employment must be approved, in writing, by the Employer.

Do earnings from Rehabilitative Employment affect the Weekly Benefit?

If you are Disabled and are engaged in an approved program of Rehabilitative Employment, your Weekly Benefit will be:

1. the amount calculated for Total Disability; but
2. reduced up to 50% of the income received from each week of such Rehabilitative Employment.

The sum of your Weekly Benefit and total income received under this provision may not exceed 100% of your pre-disability Weekly Earnings. If this sum exceeds your pre-disability Weekly Earnings, the Weekly Benefit payable by the Plan will be reduced proportionately.

EXCLUSIONS

What Disabilities are not covered?

The plan does not cover, and no benefit shall be paid for, any:

1. injury, sickness, Mental Illness, Substance Abuse, or pregnancy not being treated by a Physician or surgeon;
2. Disability caused or contributed to by war or act of war (declared or not);
3. Disability caused by your commission of or attempt to commit a felony, or to which a contributing cause was your being engaged in an illegal occupation;
4. Disability caused or contributed to by an intentionally self-inflicted injury;
5. injury sustained as a result of doing any work for pay or profit for another employer.

If you are receiving, or are eligible to receive, benefits for a disability under a prior plan of disability benefits that:

1. was sponsored by the Employer; and
2. was terminated on the day before the effective date of this Plan,

then no benefits will be payable for the disability under this Plan.

TERMINATION

When does your coverage terminate?

Your coverage will terminate on the earliest of:

1. the date this Plan terminates;
2. the date this Plan no longer provides coverage for your class;
3. the last day of the period for which you make any required contribution, if you fail to make any further required contribution;
4. the date on which your Employer ceases to be a Participant Employer, if applicable; or
5. the date on which you cease to be an active full time or part time employee in an eligible class.

CONTINUATION DURING A FAMILY OR MEDICAL LEAVE

If you are granted a leave of absence according to the Family and Medical Leave Act of 1993, your coverage may be continued for up to 12 weeks, or longer if required by state law, following the date your coverage would have terminated, subject to the following:

1. the leave authorization must be in writing;
2. you must continue to make any required contribution toward the cost of your coverage;
3. your benefit level, or the amount of Weekly Earnings upon which your benefit may be based, will be that in effect on the day before said leave commenced; and
4. such continuation will cease immediately if one of the following events should occur:
 - a) the leave terminates prior to the agreed upon date;
 - b) the Plan terminates;
 - c) non-payment, when due, of any contribution required of you for the cost of continuing your coverage;
 - d) the Plan no longer provides coverage for your class; or
 - e) your Employer ceases to be a Participant Employer, if applicable.

May coverage be continued during a leave of absence?

If you are granted a leave of absence, the Employer may continue your coverage for 24 month(s) following the date coverage would have terminated, subject to the following:

1. the leave authorization must be in writing;
2. you must continue to make any contribution required of you for the cost of continuing your coverage;
3. your benefit level, or the amount of Weekly Earnings upon which your benefit may be based, will be that in effect on the day before said layoff or leave commenced; and
4. such continuation will cease immediately if one of the following events should occur:
 - a) the leave terminates prior to the agreed upon date;
 - b) termination of the Plan;
 - c) non-payment, when due, of any contribution required of you for the cost of continuing your coverage;
 - d) the Plan no longer provides coverage for your class; or
 - e) your Employer ceases to be a Participant Employer, if applicable.

Does your coverage continue while you are Disabled and no longer an Active Full-time Employee?

If you are no longer an Active Full-time Employee because you are Disabled, your Short Term Disability coverage will be continued:

1. while you remain Disabled; and
2. until the end of the period for which you are entitled to receive Short Term Disability Benefits.

After Short Term Disability benefit payments have ceased, your coverage will be reinstated, provided:

1. you return to work for one full day as an Active Full-time Employee in an eligible class; and
2. the Plan remains in force.

Do benefits continue if the Plan terminates?

If you are entitled to benefits while Disabled and the Plan terminates, benefits:

1. will continue as long as you remain Disabled by the same disabling condition, but
2. will not be provided beyond the date the Employer would have ceased to pay benefits had the coverage remained in force.

Termination of the Plan for any reason will have no effect on the Employer's liability under this provision.

GENERAL PROVISIONS/CLAIMS**What is the role of the Claims Evaluator?**

The Claims Evaluator is delegated the duties of the Employer to determine benefits payable according to the terms and conditions of the Plan.

What is the role of the Employer in the Claims process?

The Employer is responsible for making payment for benefits due according to the terms and conditions of the Plan.

The Employer's responsibilities also include, but are not limited to:

1. deciding appeals of claims which were initially denied by the Claims Evaluator; and
2. making final determinations regarding eligibility for coverage.

When should the Claims Evaluator be notified of a claim?

You, your supervisor or your physician must give the Claims Evaluator notice of claim by calling the special claims telephone number provided to employees. Such notice must be given on the fifth day of an absence due to the same or a related Disability.

If notice cannot be given within that time, it must be given as soon as possible after that. A representative of the Claims Evaluator will assist the caller through the process, gathering the appropriate information from you, your physician, and the Employer.

Are special forms required to file a claim?

If required by the Claims Evaluator, forms will be sent to you for providing written proof of loss within 15 days after the Claims Evaluator receives a notice of claim. If these forms are not sent within 15 days, you may submit any other written proof which fully describes the nature and extent of your claim.

When must proof of loss be given?

If required by the Claims Evaluator, written proof of your Disability must be sent to the Claims Evaluator within 30 days after the start of the period for which the Plan owes payment. After that, the Claims Evaluator may require further written proof that you are still Disabled.

If proof is not given by the time it is due, it will not affect the claim if:

1. it was not possible to give proof within the required time; and
2. proof is given as soon as possible; but
3. not later than 1 year after it is due, unless you are not legally competent.

The Claims Evaluator has the right to require, as part of the proof of loss:

1. your signed statement identifying all Other Income Benefits; and
2. proof satisfactory to the Claims Evaluator that you and your dependents have duly applied for all Other Income Benefits which are available.

May additional proof be required?

The Claims Evaluator may have you examined to determine if you are Disabled. Any such examination will be:

1. at the Plan's expense; and
2. as reasonably required by the Claims Evaluator.

The Claims Evaluator reserves the right to determine if your proof of loss is satisfactory.

Who gets the benefit payments?

All payments are payable to you. Any payments owed at your death may be paid to your estate.

When are payment checks issued?

Accrued benefits will be paid in accordance with the Employer's pay schedule.

What notification will you receive if your claim is denied?

If a claim for benefits is wholly or partly denied, The Hartford will furnish you with written notification of the decision. This written decision will give the specific reason(s) for the denial.

What recourse do you have if your claim is denied?

On any claim, you or your representative may appeal to The Hartford first for a full and fair review. You may:

1. request a review upon written application within 180 days of the claim denial;
2. request copies of all documents, records, and other information relevant to your claim; and
3. submit written comments, documents, records and other information relating to your claim.

When can legal action be started?

Legal action cannot be taken against the Employer:

1. sooner than 60 days after due proof of loss has been furnished; or
2. later than the expiration of:
 - a) 3 years; or if longer,
 - b) the length of time stated in the applicable Statute of Limitations;

from the time written proof of loss is required to be furnished according to the terms of the Plan.

What happens if facts are misstated?

If material facts about you were not stated accurately:

1. your contributions, if any, to the cost of your coverage may be adjusted; and
2. the true facts will be used to determine if, and for what amount, coverage should have been in force.

What are the Employer's subrogation rights?

If you:

1. suffer a Disability because of the act or omission of a third party;
2. become entitled to and are paid benefits under the Plan in compensation for lost wages; and
3. not initiate legal action for the recovery of such benefits from the third party in a reasonable period of time,

then the Employer will be subrogated to any rights you may have against the third party and may, at its option, bring legal action to recover any payments made by the Plan in connection with the Disability.

Who interprets Plan terms and conditions?

The Employer has full discretion and authority to determine eligibility for benefits and to construe and interpret all terms and provisions of the Plan.

Must you apply for Social Security Disability Benefits?

The Employer may require that you apply for Social Security Disability Benefits if it appears that your Disability may meet the minimum duration required to qualify for such benefits. If the Social Security Administration denies eligibility for any such benefits, you will be required to follow the process established by the Social Security Administration to reconsider the denial and, if denied again, to request a hearing before an Administrative Law Judge of the Office of Hearing and Appeals.

DEFINITIONS

The terms listed will have these meanings:

Active Full-time Employee - An employee who works for the Employer on a regular basis in the usual course of the Employer's business. He must work at least the number of hours in the Employer's normal work week. This must be at least the number of hours for Full-time Employment shown on the Schedule of Benefits.

Actively at Work - You will be considered actively at work on a day which is one of the Employer's scheduled work days if you are performing, in the usual way, all of the regular duties of your job on a Full-time basis on that day. You will be deemed to be actively at work on a day which is not one of the Employer's scheduled work days if you were actively at work on the preceding scheduled work day.

Claims Evaluator means Hartford-Comprehensive Employee Benefit Service Company (HARTFORD-CEBSCO).

Current Weekly Earnings means the Weekly Earnings you receive from any employer or for any work while Disabled and eligible for Residual Disability benefits under this Plan.

Disability means Total Residual Disability.

Disabled means Totally Residually Disabled.

Employer means the Employer named in the Schedule of Benefits.

Mental Illness means any psychological, behavioral or emotional disorder or ailment of the mind, including physical manifestations or psychological, behavioral or emotional disorder, but excluding demonstrable structural brain damage.

Other Income Benefits mean the amount of any benefit for loss of income, provided to you or to your family, as a result of the period of Disability for which you are claiming benefits under this Plan. This includes any such benefits for which you or your family are eligible, or that are paid to you, your family, or to a third party on your behalf. This includes the amount of any benefit for loss of income from:

1. the United States Social Security Act, the Civil Service Retirement System, the Railroad Retirement Act, the Jones Act, the Canada Pension Plan, the Quebec Pension Plan or similar plan or act that you, your spouse, or your children are eligible to receive because of your Disability;
2. any plan or arrangement of coverage, whether insured or not, as a result of employment by or association with the Employer, or as a result of membership in or association with any group, association, union or other organization;
3. the Veteran's Administration or any other foreign or domestic governmental agency for the same disability;
4. any governmental law or program that provides disability or unemployment benefits as a result of your job with the employer;
5. individual insurance policy where the premium is wholly or partially paid by the Employer;
6. any temporary or permanent disability benefits under a workers' compensation law, occupational disease law, or similar law;
7. compulsory "no-fault" automobile insurance; or
8. the portion of a settlement or judgement, minus associated costs, of a lawsuit that represents or compensates for your loss of earnings for the same disability.

Any general increase in benefits required by law that you are entitled to receive under any Federal Law will not reduce the Short Term Disability Benefit payable for a period of Total Disability that began prior to the date of such increase.

If you are paid Other Income Benefits in a lump sum, this lump sum will be pro-rated:

1. over the period of time it would have been paid if not paid in a lump sum; or
2. if such period of time cannot be determined, over a period of 260 weeks.

Physician means a practitioner of a healing art who is properly licensed, and practicing within the scope of that license.

Plan means the plan of short term disability benefits provided and funded by the Employer, according to the terms and conditions stated in this booklet.

Prior Plan means the short term disability plan of benefits (whether insured or uninsured) sponsored by the Employer on the day before the Plan Effective Date.

Residual Disability or Residually Disabled means that you are prevented by:

1. accidental bodily injury;
2. sickness;
3. Mental Illness;
4. Substance Abuse; or
5. pregnancy,

from performing some, but not all, of the essential duties of your or any occupation, and as a result, your Current Weekly Earnings are more than 20% but no more than 80% of your pre-disability Weekly Earnings.

Sickness vs. Accident

A Disability shall be deemed to be caused by sickness, and not by accident, if:

1. it is caused or contributed to by:
 - a) any condition, disease or disorder of the body or mind;
 - b) any infection, except a pus-forming infection of an accidental cut or wound;
 - c) hernia of any type;
 - d) any disease of the heart;
 - e) Mental Illness;
 - f) Substance Abuse;
 - g) pregnancy; or
 - h) any medical treatment for items (a) through (g) above; or
2. it is caused directly or indirectly by accident, but commences more than 30 days after the date of the accident.

State Pension Plan participant means You, if You are “a Full-time or Regular Part-time Employee of:

- the State;
- the State Department of Education (formerly Department of Public Instruction);
- a School District;
- the University of Delaware (excluding most faculty and designated professional staff);
- Delaware State University;
- Delaware Technical & Community College;
- Solid Waste Authority;
- Office of Disciplinary Council;
- Prothonotary’s Office; or
- a State Agency supported in whole or part by federal funds granted to the State;

Substance includes alcohol and drugs, but excludes tobacco and caffeine.

Substance Abuse means the pattern of pathological use of alcohol or other psychoactive drugs and substances characterized by:

1. impairments in social and/or occupational functioning;
2. debilitating physical condition;
3. inability to abstain from or reduce consumption of the substance; or
4. the need for daily substance use to maintain adequate functioning.

Total Disability or Totally Disabled means that you are prevented by:

1. accidental bodily injury;
2. sickness;
3. Mental Illness;
4. Substance Abuse; or
5. pregnancy,

from performing the essential duties of your occupation, and as a result, you are earning less than 20% of your pre-disability Weekly Earnings.

Weekly Earnings means your usual weekly rate of pay from the Employer, not counting:

1. commissions;
2. bonuses;
3. shift differential pay;
4. overtime pay; or
5. any other fringe benefit or extra compensation.

If you become Disabled, your Weekly Earnings will be the rate in effect on your last day as an Active Full-time Employee before becoming Totally Disabled.

You means the covered employee to whom this booklet is issued.

